

AMENDED IN ASSEMBLY MAY 23, 2008

AMENDED IN ASSEMBLY APRIL 8, 2008

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

## ASSEMBLY BILL

**No. 2175**

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**Introduced by Assembly Members Laird and Feuer**  
**(~~Coauthor: Assembly Member Wolk~~ *Coauthors: Assembly Members***  
***Huffman, Krekorian, Ruskin, and Wolk*)**

February 20, 2008

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An act to amend Section 10631.5 of, and to add Part 2.55 (commencing with Section 10608) to Division 6 of, the Water Code, relating to water conservation.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2175, as amended, Laird. Water conservation.

(1) Existing law requires the Department of Water Resources to convene an independent technical panel to provide information to the department and the Legislature on new demand management measures, technologies, and approaches. "Demand management measures" means those water conservation measures, programs, and incentives that prevent the waste of water and promote the reasonable and efficient use and reuse of available supplies.

This bill would require the department to establish a statewide target to achieve a 20% reduction in urban per capita water use in California by December 31, 2020. By December 31, 2020, each urban water supplier would be required to reduce its per capita water use by 20%, except as provided. ~~By December 31, 2010, and not less than every 5 years thereafter, the department would be required to establish and make available to the public a list of technically feasible urban water~~

~~conservation measures available to assist urban water suppliers in meeting this requirement.~~

The bill would require the department, by December 31, 2009, to establish a statewide numeric water conservation target for agricultural water use that provides for a significant increase in agricultural water conservation in California. ~~By December 31, 2010, and every 5 years thereafter, the department would be required to establish and make available to the public a list of agricultural water conservation practices available to meet the target.~~ By December 31, 2012, each agricultural water supplier would be required to adopt numeric water conservation targets to be achieved by December 31, 2015, and December 31, 2020.

The bill would ~~authorize~~ *require* the department to adopt a plan of action to meet the state targets described above under certain circumstances. The bill would make related legislative findings and declarations and statements of legislative intent.

(2) Existing law makes the terms of, and eligibility for, a water management grant or loan made to an urban water supplier and awarded or administered by the department, state board, or California Bay-Delta Authority or its successor agency conditioned on the implementation of specified water demand management measures.

This bill would make this provision only apply until December 31, 2012, and beginning January 1, 2013, would instead condition these grants or loans made to urban or agricultural water suppliers on the implementation of the requirements of paragraph (1), above.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Part 2.55 (commencing with Section 10608) is  
2 added to Division 6 of the Water Code, to read:

3

4 PART 2.55. WATER CONSERVATION

5

6 CHAPTER 1. GENERAL DECLARATIONS AND POLICY

7

8 10608. The Legislature finds and declares all of the following:

9 (a) Water is a public trust resource in California that should be  
10 protected against waste and unreasonable use.

1 (b) Growing population, climate change, and the need to protect  
2 California's fish and wildlife make it essential that the state manage  
3 its water resources as efficiently as possible.

4 (c) In 2000, total water use in California was approximately 83  
5 million acre-feet per year, based on an average water year. This  
6 total water use consists of urban water use in the amount of 9  
7 million acre-feet, agricultural water use in the amount of 34 million  
8 acre-feet, and environmental water use in the amount of 40 million  
9 acre-feet.

10 (d) Reduced water use through conservation provides significant  
11 energy and environmental benefits, can help protect water quality,  
12 and reduces greenhouse gas emissions.

13 (e) Improvements in technology and management practices  
14 offer the potential for increasing water conservation in California  
15 over time, providing an essential water management tool to meet  
16 the need for water for urban, agricultural, and environmental uses.

17 (f) The California Water Plan, updated in 2005, includes  
18 planning scenarios that indicate that by 2030 urban water  
19 conservation can reduce water demand by up to 3.1 million  
20 acre-feet per year and agricultural water conservation can reduce  
21 net water use by up to 800,000 acre-feet of water per year.

22 (g) The Governor has called for a 20 percent per capita reduction  
23 in urban water use statewide by 2020.

24 10608.1. It is the intent of the Legislature, by the enactment  
25 of this part, to require all water suppliers to identify, adopt, and  
26 implement water conservation measures to avoid waste and  
27 unreasonable use of this essential resource.

28  
29 CHAPTER 2. DEFINITIONS  
30

31 10608.2. The following definitions apply to this part:

32 (a) "Base per capita water use" means the average of three water  
33 years, which ~~include~~ *includes* a normal, dry, and wet water year,  
34 as identified by the department and which most accurately reflects  
35 current water use in 2009.

36 (b) "High per capita water use" means water use in an urban  
37 water supplier's service area that is \_\_\_\_ gallons per capita per  
38 day or higher.

39 (c) "Locally cost effective" means that the present value of the  
40 local benefits of implementing a water conservation measure are

greater than or equal to the present value of the local costs of implementing that measure.

(d) “Low per capita water use” means water use in an urban water supplier’s service area that is \_\_\_\_ gallons per capita per day or lower.

(e) “Per capita water use” means the daily per person urban water use, which includes residential, municipal, industrial, and commercial water use and system water losses.

(f) “Water conservation” means those measures, programs, and incentives that result in reduced demand, prevent the waste of water, and promote the efficient use of available supplies.

(g) Except as otherwise indicated, “water supplier” includes both of the following:

(1) An urban water supplier, as defined in Section 10617.

(2) An agricultural water supplier, as defined in subdivision (b) of Section 531.

### CHAPTER 3. WATER CONSERVATION TARGETS

10608.4. (a) The department shall establish a statewide target to achieve a 20 percent reduction in urban per capita water use in California on or before December 31, 2020.

(b) On or before December 31, 2013, and not less than every five years thereafter, the department shall include in the update of the California Water Plan pursuant to Section 10004, a status report on the progress in meeting the statewide target established by subdivision (a).

(c) To the extent that the statewide target is not achieved on or before December 31, 2020, the department shall propose and adopt a plan of action to meet the statewide target. This plan shall specify the increased levels of water conservation that need to be implemented at the state and local levels. This increased level of conservation shall be supported by state funding or federal funding, if provided, because of the broad public benefits.

10608.6. (a) On or before December 31, 2020, each urban water supplier shall reduce its per capita water use by 20 percent, except as otherwise provided in subdivision (b). The 20 percent reduction shall be applied against the base per capita water use of the urban water supplier. Each urban water supplier shall make incremental progress by reducing per capita water use by at least

1 5 percent on or before December 31, 2012, and by 10 percent on  
2 or before December 31, 2015.

3 (b) The department and the state board shall develop criteria to  
4 create both of the following:

5 (1) Alternative conservation targets, less than the 20 percent  
6 reduction required by subdivision (a), to be applied to urban water  
7 suppliers that have and maintain low per capita water use.

8 (2) Additional conservation targets, beyond the 20 percent  
9 reduction required by subdivision (a), to be applied to urban water  
10 suppliers that have high per capita water use.

11 10608.8. (a) On or before December 31, 2010, and every two  
12 years thereafter, an urban water supplier shall report to the  
13 department and the state board, using a standardized form  
14 developed by the department, all of the following information:

15 (1) Base per capita water use.

16 (2) Current per capita water use.

17 (3) Current population served by the urban water supplier.

18 (4) Acre-foot water savings attributed to the per capita water  
19 use reductions.

20 ~~(b) On or before December 31, 2010, and not less than every~~  
21 ~~five years thereafter, the department shall establish and make~~  
22 ~~available to the public a list of technically feasible urban water~~  
23 ~~conservation measures available to assist urban water suppliers in~~  
24 ~~meeting the requirements of Section 10608.6. In developing the~~  
25 ~~list, the department shall consult with the California Urban Water~~  
26 ~~Conservation Council and consider all relevant information,~~  
27 ~~including, but not limited to, information provided by the~~  
28 ~~independent technical panel established pursuant to Section~~  
29 ~~10631.7.~~

30 ~~(e)~~

31 (b) Based on its review of the information submitted pursuant  
32 to subdivision (a), the department may require urban water  
33 suppliers to adopt specific water conservation measures if the  
34 reductions required by Section 10608.6 are not achieved.

35 10608.10. (a) On or before December 31, 2009, the department  
36 shall establish a statewide numeric water conservation target for  
37 agricultural water use that provides for a significant increase in  
38 agricultural water conservation in California. The initial target  
39 shall be for December 31, 2020, and shall be not less than 500,000  
40 acre-feet of net water reduction from projected demand in the

1 absence of additional agricultural water conservation practices,  
2 not otherwise attributed to land use changes. On or before  
3 December 31, 2012, and not less than every five years thereafter,  
4 the department shall review and may increase the water  
5 conservation target, based on consideration of all relevant  
6 information, including, but not limited to, information received  
7 pursuant to this section.

8 ~~(b) On or before December 31, 2010, and every five years~~  
9 ~~thereafter, the department shall establish and make available to~~  
10 ~~the public a list of agricultural water conservation practices~~  
11 ~~available to meet the target established pursuant to subdivision~~  
12 ~~(a). In developing the list, the department shall consult with the~~  
13 ~~Agricultural Water Management Council.~~

14 ~~(e)~~

15 (b) On or before December 31, 2012, each agricultural water  
16 supplier shall adopt numeric water conservation targets to be  
17 achieved by December 31, 2015, and December 31, 2020, and  
18 report to the department on those targets. An agricultural water  
19 supplier shall review and update the targets every five years  
20 thereafter. The target shall be based on reductions that can be  
21 achieved by ~~either implementation of those water management~~  
22 ~~practices established pursuant to subdivision (b) that are both~~  
23 technically feasible and locally cost effective, or implementation  
24 of alternative measures that achieve equal or greater water savings.

25 ~~(d)~~

26 (c) On or before December 31, 2015, and every five years  
27 thereafter, an agricultural water supplier shall submit a report to  
28 the department, confirmed by independent evaluation, that  
29 identifies the basis of its adopted water conservation targets and  
30 its progress in reaching the targets. If an agricultural water supplier  
31 determines that a water ~~conservation practice identified in~~  
32 ~~subdivision (b)~~ *management practice* is not locally cost effective  
33 or technically feasible, the supplier shall submit information  
34 documenting that determination.

35 ~~(e)~~

36 (d) Based on its review of ~~the a~~ report submitted pursuant to  
37 subdivision ~~(d)~~ (c) and the related independent evaluation and  
38 other relevant information, the department may require an  
39 agricultural water supplier to revise its targets if the department  
40 determines the proposed targets are not consistent with this part,

1 or to adopt additional water management practices, if there is  
2 insufficient progress in meeting the targets.

3 10608.12. To the extent that the aggregate of the agricultural  
4 water conservation targets established by agricultural water  
5 suppliers pursuant to subdivision (e) (b) of Section 10608.10 do  
6 not meet the statewide target established pursuant to subdivision  
7 (a) of Section 10608.10, the department shall propose and adopt  
8 a plan of action to meet the statewide target. This plan shall specify  
9 the increased levels of water conservation that need to be  
10 implemented at the state and local levels, ~~in addition to the locally~~  
11 ~~cost effective water conservation measures or water management~~  
12 ~~practices proposed pursuant to 10608.10.~~ This increased level of  
13 conservation shall be supported by state funding or federal funding,  
14 if provided, because of the broad public benefits.

15 10608.14. (a) Water suppliers may comply with this part  
16 individually or regionally.

17 (b) Agricultural water supplier reporting requirements may be  
18 met through the submission of an agricultural water management  
19 plan developed for the Agricultural Water Management Council  
20 or the United States Bureau of Reclamation that is consistent with  
21 this part.

22 10608.16. (a) The department shall develop methodologies  
23 and guidelines as necessary to implement this part.

24 (b) All state water conservation targets, methodologies, and  
25 guidelines, ~~and lists of feasible water conservation measures or~~  
26 ~~water management practices established pursuant to this part,~~ shall  
27 be established only after the department, or at the department's  
28 request, the California Water Commission, conducts a series of  
29 public hearings and workshops to allow participation of the diverse  
30 geographical areas and interest of the state.

31 10608.17. Beginning January 1, 2013, the terms of, and  
32 eligibility for, a water management grant or loan made to urban  
33 or agricultural water suppliers and awarded or administered by the  
34 department, state board, or California Bay-Delta Authority or its  
35 successor agency shall be conditioned on the implementation of  
36 this part.

37 10608.18. (a) The Legislature hereby finds and declares that  
38 the development, adoption, and implementation of water  
39 conservation targets as provided in this part is an issue of statewide

1 significance that is critical to the effective implementation of  
2 integrated regional water management in California.

3 (b) It is the intent of the Legislature that funds made available  
4 by Section 75026 of the Public Resources Code should be  
5 expended, consistent with Division 43 (commencing with Section  
6 75001) of the Public Resources Code and upon appropriation by  
7 the Legislature, for grants to implement this part. In the allocation  
8 of funding, it is the intent of the Legislature that the department  
9 give consideration to disadvantaged communities to assist in  
10 implementing the requirements of this part.

11 (c) It is the intent of the Legislature that funds made available  
12 by Section 75041 of the Public Resources Code should be  
13 expended, consistent with Division 43 (commencing with Section  
14 75001) of the Public Resources Code and upon appropriation by  
15 the Legislature, for direct expenditures to implement this part.

16 SEC. 2. Section 10631.5 of the Water Code is amended to read:

17 10631.5. (a) (1) Beginning January 1, 2009, until December  
18 31, 2012, the terms of, and eligibility for, a water management  
19 grant or loan made to an urban water supplier and awarded or  
20 administered by the department, state board, or California  
21 Bay-Delta Authority or its successor agency shall be conditioned  
22 on the implementation of the water demand management measures  
23 described in Section 10631, as determined by the department  
24 pursuant to subdivision (b).

25 (2) For the purposes of this section, water management grants  
26 and loans include funding for programs and projects for surface  
27 water or groundwater storage, recycling, desalination, water  
28 conservation, water supply reliability, and water supply  
29 augmentation. This funding includes, but is not limited to, funds  
30 made available pursuant to Section 75026 of the Public Resources  
31 Code.

32 (3) Notwithstanding paragraph (1), the department shall  
33 determine that an urban water supplier is eligible for a water  
34 management grant or loan even though the supplier is not  
35 implementing all of the water demand management measures  
36 described in Section 10631, if the urban water supplier has  
37 submitted to the department for approval a schedule, financing  
38 plan, and budget, to be included in the grant or loan agreement,  
39 for implementation of the water demand management measures.  
40 The supplier may request grant or loan funds to implement the



1 water demand management measures to the extent the request is  
2 consistent with the eligibility requirements applicable to the water  
3 management funds.

4 (4) (A) Notwithstanding paragraph (1), the department shall  
5 determine that an urban water supplier is eligible for a water  
6 management grant or loan even though the supplier is not  
7 implementing all of the water demand management measures  
8 described in Section 10631, if an urban water supplier submits to  
9 the department for approval documentation demonstrating that a  
10 water demand management measure is not locally cost effective.  
11 If the department determines that the documentation submitted by  
12 the urban water supplier fails to demonstrate that a water demand  
13 management measure is not locally cost effective, the department  
14 shall notify the urban water supplier and the agency administering  
15 the grant or loan program within 120 days that the documentation  
16 does not satisfy the requirements for an exemption, and include  
17 in that notification a detailed statement to support the  
18 determination.

19 (B) For purposes of this paragraph, “not locally cost effective”  
20 means that the present value of the local benefits of implementing  
21 a water demand management measure is less than the present value  
22 of the local costs of implementing that measure.

23 (b) (1) The department, in consultation with the state board and  
24 the California Bay-Delta Authority or its successor agency, and  
25 after soliciting public comment regarding eligibility requirements,  
26 shall develop eligibility requirements to implement the requirement  
27 of paragraph (1) of subdivision (a). In establishing these eligibility  
28 requirements, the department shall do both of the following:

29 (A) Consider the conservation measures described in the  
30 Memorandum of Understanding Regarding Urban Water  
31 Conservation in California, and alternative conservation approaches  
32 that provide equal or greater water savings.

33 (B) Recognize the different legal, technical, fiscal, and practical  
34 roles and responsibilities of wholesale water suppliers and retail  
35 water suppliers.

36 (2) (A) For the purposes of this section, the department shall  
37 determine whether an urban water supplier is implementing all of  
38 the water demand management measures described in Section  
39 10631 based on either, or a combination, of the following:

40 (i) Compliance on an individual basis.

(ii) Compliance on a regional basis. Regional compliance shall require participation in a regional conservation program consisting of two or more urban water suppliers that achieves the level of conservation or water efficiency savings equivalent to the amount of conservation or savings achieved if each of the participating urban water suppliers implemented the water demand management measures. The urban water supplier administering the regional program shall provide participating urban water suppliers and the department with data to demonstrate that the regional program is consistent with this clause. The department shall review the data to determine whether the urban water suppliers in the regional program are meeting the eligibility requirements.

(B) The department may require additional information for any determination pursuant to this section.

(3) The department shall not deny eligibility to an urban water supplier in compliance with the requirements of this section that is participating in a multiagency water project, or an integrated regional water management plan, developed pursuant to Section 75026 of the Public Resources Code, solely on the basis that one or more of the agencies participating in the project or plan is not implementing all of the water demand management measures described in Section 10631.

(c) In establishing guidelines pursuant to the specific funding authorization for any water management grant or loan program subject to this section, the agency administering the grant or loan program shall include in the guidelines the eligibility requirements developed by the department pursuant to subdivision (b).

(d) Upon receipt of a water management grant or loan application by an agency administering a grant and loan program subject to this section, the agency shall request an eligibility determination from the department with respect to the requirements of this section. The department shall respond to the request within 60 days of the request.

(e) The urban water supplier may submit to the department copies of its annual reports and other relevant documents to assist the department in determining whether the urban water supplier is implementing or scheduling the implementation of water demand management activities. In addition, for urban water suppliers that are signatories to the Memorandum of Understanding Regarding Urban Water Conservation in California and submit biennial reports

1 to the California Urban Water Conservation Council in accordance  
2 with the memorandum, the department may use these reports to  
3 assist in tracking the implementation of water demand management  
4 measures.

O